

TESTIMONY OF

**Joe Goplin, Director of State Financial Services, Fiscal Management Division**

Good morning, Chairman Schauer and members of the committee. My name is Joe Goplin, Director of the Fiscal Management Division of the Office of Management and Budget (OMB). OMB is in support of this bill.

Sections 1 and 2 of this bill seeks to amend and reenact North Dakota Century Code (N.D.C.C.) 44-08-04(2)(d) related to what's referred to as the "state lodging rate." The current law states OMB shall establish a policy to set the lodging reimbursement rate equal to 90% of the federal General Services Administration (GSA) rate for the state of North Dakota. The current GSA rate for North Dakota is \$110, which makes the allowable in-state lodging reimbursement rate \$99.

When traveling within North Dakota, state officials, local government and state team members are seeing a growing number of hotels no longer offering the state rate, or seemingly have less rooms available. This is especially true in smaller towns, communities located in or near the oil patch, and in larger cities when major events are occurring, which draws in out-of-town crowds. How this currently works with hotels is if they do offer the state rate, it is limited to usually just a handful of rooms, and when those rooms are occupied, they no long honor this discounted rate. This creates a challenge for team members who have to spend additional time searching elsewhere, or in some cases, paying the difference out of their own pocket.

OMB supports this proposed change to use the federal GSA rate, and if the GSA rate is not available, to reference OMB Fiscal Policy. OMB will update Fiscal Policy 505 so when the federal rate is not available, state officials, local government and state team members must document they checked a minimum of three hotels (when available) within the vicinity of where work is being conducted and choose the most cost-effective option. This will not always mean the cheapest rate—for example, commuting distance/time should be taken into consideration, trying to centrally locate their stay if the stay includes multiple stops, if continental breakfast is being offered, or other various factors.

Hotels offering the state rate is up to the discretion of the hotel and can be changed on a whim with no notification. Also, there is no registry of hotels that offer the state rate. This, paired with the state rate being completely optional, makes a seemingly simple task of reserving a room at times a very daunting, frustrating, and time-consuming task.

Nearly all hotel chains offer the federal GSA rate. Amending N.D.C.C. to allow for this will increase efficiencies by expanding the options when traveling throughout our state. Giving OMB the authority to handle the exceptions when the federal rate is not available with Fiscal

Policy will allow us to be flexible and account for different scenarios as they come to light while ensuring we remain fiscally responsible.

Section 3 of this measure seeks to amend and reenact N.D.C.C. 54-03-20(2), which addresses Legislative Assembly's lodging reimbursement allotment. The current calculation is  $30 \times [\text{In-State Lodging Rate } (\$99)] \times 70\%$ . This section seeks to increase the percentage from 70% to 75% and addresses the same struggles as previously mentioned for legislative members when traveling to Bismarck during session.

Finally, Section 4 seeks to amend and reenact N.D.C.C. 54-06-09(5) which currently requires employees who are permanently located outside the state or on assignments outside the state for an indefinite period of time (at least 30 consecutive days) to use a reduced mileage reimbursement of \$0.45 per mile (excluding the "300 mile rule" imposed by subsection 3 of the same section of Century Code). This section is asking the committee to consider changing this to reference the standard GSA rate, currently at \$0.70 per mile. This is very impactful for state employees who simply live in a bordering city, such as East Grand Forks, Moorhead or Breckinridge, but conduct all their work within North Dakota and their position requires them to travel. Agencies have no option but to reimburse them at this lower rate. This change will greatly simplify travel reimbursements by treating all employees the same and it will eliminate the need to track and maintain different expense types and amounts—we would just need In-State and Out-of-State Mileage with one standard rate—the federal GSA rate.

Chairman Schauer and members of the committee, this concludes my testimony. I ask your support for SB 2084. I would be happy to answer any questions.